



EMPLOYEES' RETIREMENT SYSTEM
The Maryland-National Capital Park and Planning Commission

**BOARD OF TRUSTEES MEETING
MINUTES**

Tuesday, May 5, 2020; 10:00 a.m.
County Administration Building, Upper Marlboro, MD

Due to COVID-19, the Maryland-National Capital Park and Planning Commission Employees' Retirement System Board of Trustees ("Board") met virtually through Microsoft Teams with CHAIRMAN HEWLETT leading the call from the County Administration Building in Upper Marlboro, Maryland on Tuesday, May 5, 2020. The meeting was called to order at 10:00 a.m. by CHAIRMAN HEWLETT.

Board Members Present

Elizabeth M. Hewlett, Board of Trustees Chairman, Prince George's County Commissioner
Gerald R. Cichy, Board of Trustees Vice Chairman, Montgomery County Commissioner
Howard Brown, FOP Represented Trustee left at 11:00 a.m.
Pamela F. Gogol, Montgomery County Public Member
Amy Millar, MCGEO Represented Trustee
Sheila Morgan-Johnson, Prince George's County Public Member left at 11:15 a.m.
Elaine A. Stookey, Bi-County Open Trustee
Joseph C. Zimmerman, CPA, M-NCPPC Secretary-Treasurer, Ex-Officio

Board Members Not Present

Asuntha Chiang-Smith, M-NCPPC Executive Director, Ex-Officio
Melissa D. Ford, Prince George's County Open Trustee
Caroline McCarthy, Montgomery County Open Trustee

ERS Staff Present

Andrea L. Rose, Administrator
Heather D. Van Wagner, Senior Administrative Specialist
Sheila S. Joynes, ERS Accounting Manager

Presentations

Wilshire Associates - Bradley A. Baker, Managing Director and Martell McDuffy, Senior Analyst
M-NCPPC Legal Department – William C. Dickerson, Principal Counsel and Tracy Harvin, Senior Counsel

ITEM 1 APPROVAL OF THE MAY 5, 2020 CONSENT AGENDA

ACTION: VICE CHAIRMAN CICHY made a motion, seconded by MS. MILLAR to approve the Consent Agenda. The motion PASSED unanimously (8-0). (Motion #20-29)

ITEM 2 CHAIRMAN'S ITEMS
No Chairman's items reported.

ITEM 3 MISCELLANEOUS
No miscellaneous reported.

ITEM 4 MANAGER REPORTS/PRESENTATIONS

Wilshire Associates
Presentations by Bradley A. Baker, Managing Director and Martell McDuffy, Senior Analyst

Brad Baker presented a program summary on the Term Asset-Backed Securities Loan Facility (TALF) program. TALF was established in 2009 by the U.S. government to promote private investment in the ABS market. TALF 2020 was created in March 2020 to increase new issuance of ABS securities for financing consumer purchases such as auto and credit card loans and facilitating small business loans. Underlying assets will consist of AAA rated, asset-backed security ABS issues with similar risks as fixed income securities, including extension/prepayment risk, credit risk, and leverage risk. The volume of issuance is a big uncertainty. The investment objective is to provide attractive risk-adjusted returns over the term of the Fund by investing primarily in asset-backed securities that the FRBNY designates as eligible on a levered basis using financing obtained through the TALF program. Returns of 10-12% are anticipated; however, performance could vary and early investors may experience higher returns due to spread tightening. The program is expected to open in late May to early June and call down capital to September-October 2020 and will run for 3 years from when it ends.

When the Federal Reserve announced the establishment of the TALF program Wilshire started communicating with fixed income asset managers to start the due diligence process with firms. Wilshire conducted due diligence with 10 firms with a focus on their strategy specific philosophy, portfolio construction and team and presented the top 5 firms to the Board for consideration. Some managers will manage TALF only portfolios while others will manage portfolios in TALF and credit opportunities. The vast majority of Wilshire's clients are considering a TALF only program and Wilshire recommends the same for the ERS.

Mr. Baker said the TALF Fund would fit in the opportunistic credit bucket. The asset allocation is a 1-2% dedicated allocation (approximately \$10-20 million).

MR. BROWN left the meeting at 11:00 a.m.

Given the opening of the TALF program in a few weeks, the Board agreed to interview two managers with TALF only portfolios; delegate the interviews to the Investment Monitoring Group (IMG); and, hold a special telephonic Board meeting to approve a recommendation from the IMG.

ACTION: VICE CHAIRMAN CICHY made a motion, seconded by MS. GOGOL to delegate the two TALF interviews to the Investment Monitoring Group for a recommendation to the Board. The motion PASSED unanimously (7-0). (Motion #20-30)

ACTION: VICE CHAIRMAN CICHY made a motion, seconded by MS. MORGAN-JOHNSON to authorize a special telephonic meeting of the Board, if needed, to approve the selection of a TALF manager, as recommended by the Investment Monitoring Group. The motion PASSED unanimously (7-0). (Motion #20-31)

MS. MORGAN-JOHNSON left the meeting at 11:15 a.m.

Wilshire recommended the firms SLC Management and TCW for interviews. The firms are highly ranked on Wilshire's list and have favorable terms. For transparency, Wilshire disclosed that Wilshire's OCIO practice made commitments to SLC Management and TCW.

ACTION: VICE CHAIRMAN CICHY made a motion, seconded by MS. GOGOL to approve the Investment Monitoring Group interview SLC Management and TCW, as recommended by Wilshire. The motion PASSED unanimously (6-0). (Motion #20-32)

ITEM 5 COMMITTEE REPORTS/RECOMMENDATIONS

Administration & Personnel Committee – Report of April 21, 2020 Meeting

The Administration & Personnel Oversight Committee recommended approval of the FY2021 Operating Budget. The budget totals \$3,133,677 which is an 34.7% increase from FY2020. The increase is mainly due to the new pension administration software project approved by the Board and Commission last year.

ACTION: MR. ZIMMERMAN made a motion, seconded by VICE CHAIRMAN CICHY to approve the FY2021 Operating Budget. The motion PASSED unanimously (6-0). (Motion #20-33)

The three-year terms for the Montgomery County and Prince George's County Public Members on the Board expire June 30, 2020. In accordance with procedures of the ERS, a Notice of Vacancies on the Board of Trustees was placed on the Maryland Reporter's website, the ERS' website, and the Commission's website and Intranet site from March 23 through April 10, 2020 requesting a letter of interest, including a resume, to fill the Public Member's seats on the Board for the term ending July 1, 2023. Applications were due in the ERS office by April 10, 2020 by 5:00 p.m. The ERS received applications from incumbents, Pamela F. Gogol and Sheila Morgan-Johnson. No other applications were received by the deadline.

Public Trustees are appointed by the Commission and serve at the pleasure of the Commission. The Personnel Committee makes a recommendation to the Board who makes a recommendation to the Commission for appointment.

Ms. Gogol has served on the Board since 2014. Ms. Gogol is currently a Principal Examiner for the Federal Housing Finance Agency responsible for analysis and oversight of Fannie Mae's market risk exposure. Ms. Gogol was the former Assistant Treasurer of the Commission and served as the Bi-County Open Trustee on the ERS Board in 2008.

Ms. Morgan-Johnson has served on the Board since 2016. In 2017, after a long-serving career as the Chief Investment Officer and Chief Operating Office for the \$9 billion District of Columbia Retirement plan, Ms. Morgan-Johnson was named as Executive Director. Ms. Morgan-Johnson has been serving as Chairman of the ERS' Investment Monitoring Group.

ACTION: MR. ZIMMERMAN made a motion, seconded by MS. MILLAR to approve the Reappointment of Pamela F. Gogol as the Montgomery County Public Member and Sheila Morgan-Johnson as the Prince George's County Public Member for the terms ending June 30, 2023. The motion PASSED unanimously (6-0). (Motion #20-34)

ITEM 6 REPORT OF ADMINISTRATOR

Andrea Rose presented the Administrator's Report dated April 27, 2020.

In FY2020, the ERS is projected to have savings in excess of \$122,896 due to salary lapse and savings in other services and charges. Staff requested to spend an additional \$6,328 in capital outlay in FY2020 for the pension software administration system project since the ERS received deliverables from Levi, Ray & Shoup in FY2020 that were originally scheduled for FY2021.

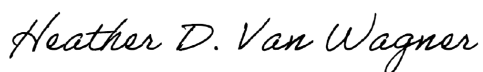
ACTION: VICE CHAIRMAN CICHY made a motion, seconded by MR. ZIMMERMAN to approve to Spend an Additional \$6,328 in Capital Outlay in FY2020 for the Pension Software Administration System for Deliverables Received from Levi, Ray & Shoup Originally Scheduled for FY2021. The motion PASSED unanimously (6-0). (Motion #20-35)

Ms. Rose reported the Certificate of Achievement for Excellence in Financial Reporting was awarded to the ERS by the Government Finance Officers Association (GFOA) of the United States and Canada for its Comprehensive Annual Financial Report (CAFR) for fiscal year ended June 30, 2019. Ms. Rose recognized Sheila Joynes, Accounting Manager, for leading the CAFR team.

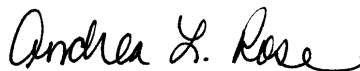
Additionally, the GFOA gave an Award for Outstanding Achievement in Popular Annual Financial Reporting to the ERS for its Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2019. Ms. Rose recognized Heather Van Wagner for leading the PAFR team to another award.

The Board meeting of May 5, 2020 adjourned at 11:30 a.m.

Respectfully,



Heather D. Van Wagner
Senior Administrative Specialist



Andrea L. Rose
Administrator